

SPRINGHURST HOMEOWNERS ASSOCIATION
POST OFFICE BOX 290792
COLUMBIA, SOUTH CAROLINA 29223

December 7, 2017

Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

RE: LETTER OF PROTEST Concerning Application of Palmetto Utilities,
Incorporated for Adjustment of Rates and Charges for Customers in the
Palmetto Utilities and Palmetto of Richland County Service Areas
Docket No. 2017-228 -S

Dear Commissioners:

We, the undersigned members and board members of Springhurst Homeowners Association, strongly oppose the above referenced application for a sewer rate increase by Palmetto Utilities, Inc (PUI) for the reasons stated below.

Springhurst Homeowners Association is a nonprofit corporation comprised of the residents of approximately sixty single-family homes in northeastern Richland County. The neighborhood includes the following streets: Springhurst Drive; Green Glen Drive; Engrid Court; North Hillock Court; South Hillock Court and Courtland Drive. PUI, the applicant in this case, serves the Springhurst neighborhood.

1. The Rate Increase Is Simply Too Much

PUI proposes to increase sewer rates by 56% for former Palmetto of Richland LLC customers – including Springhurst residents, from an average of \$43.15 per month to \$68.05 per month. Even more strikingly, PUI proposes to increase sewer rates for its other customers 86% from \$36.50 per month to \$68.05 per month. Thus, in each case rates would go up approximately \$30.00 per month, and therefore approximately \$360 per year.

Thirty dollars a month could easily be the cost of three or four home cooked meals each month, or three or four monthly installments of a prescription. This increase would be enormously burdensome.

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2. The PSC Should Question PUI's Argument for a Reasonable Return on Investment

In its application, PUI bases its request for rate increase on a desire for "an opportunity to earn a reasonable return on its investment, and attract capital for future improvements."¹ The PSC should carefully scrutinize this argument in light of two factors.

First, the basis for offering utilities a reasonable return is fear that without this financial incentive, public utility needs would go begging. Such is not the case here. PUI purchased the sewer utility serving the Springhurst neighborhood on March 21, 2013, from the City of Columbia, which had been operating it for years the beforehand.

Second, concerns have been expressed about the focus of privately owned utilities on profit. One source has stated that "Private utilities make their money on a rate of return on investment. And the more they invest, the more they may be permitted to charge ratepayers."² Another group, Food and Water Watch, has stated that "compared to local governments, private utilities charge the typical household 33 percent more for water [...] and 63 percent more for sewer service."³ Interestingly, the 63 percent figure in the preceding quotation is strikingly close to the 56 percent increase that the Springhurst neighborhood would increase.

3. The New Rate Structure is Regressive

Unlike the current rates for the Springhurst neighborhood which are usage based, the new structure is a flat rate, \$68.05, regardless of the amount of usage. This would appear to mean that careful, conservative water users would pay the same fee as water "hogs" who use water indiscriminately. In fact, an article in *The State* newspaper quoted a PSC office of regulatory staff official as stating, "Most former Palmetto of Richland County customers would see a substantial increase; but a few heavy water users could see a decrease in their bills."⁴

¹ PUI Application for Adjustment of Rates and Charges in Docket Number 2017-228 -S, at Page 7 . Available at <https://dms.psc.sc.gov/Attachments/Matter/a62a07f5-9004-449f-ac24-0f30043e33ed> (last visited October 13, 2017).

² See article entitled "Poor Customers Pay the Price for America's Crumbling Water Infrastructure" available at <https://www.citylab.com/life/2015/07/poor-customers-pay-the-price-for-americas-crumbling-water-infrastructure/398228/>

³ Information available at <https://www.scribd.com/document/17606681/Questions-Answers-A-Cost-Comparison-of-Public-and-Private-Water-Utility-Operation#> (last visited October 13, 2017).

⁴ See article entitled "Some Northeast Richland sewer rates may rise 86 percent" at <http://www.thestate.com/news/local/article177496766.html>

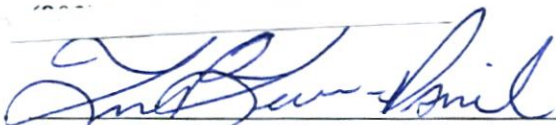
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Based on the foregoing concerns, the undersigned members of the Springhurst Homeowners Association strongly oppose the proposed rate increase proposed by PUI.

Sincerely,


John Park Myers, Member

Columbia, SC 29223


Tamara Lewis Daniel, Board Member

Columbia, SC 29223


Treva Spencer, Board Member

Columbia, SC 29223


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